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Market Administrators

# BULLETIN

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**"On the GROW with MILK!"**

## 1969 OUTPUT 116 BILLION POUNDS OR MORE

Dairy Situation, November, 1969

This year's production may total about 1 percent below the 117.3 billion pounds in 1968—or 116 to 116.5 billion pounds. Since the peak in 1964, milk output has fallen more than 10 billion pounds.

In 1969, output per cow is expected to total about 9,180 pounds, up only 1.9 percent from 1968, the lowest percentage gain since 1952. Very small gains in the first half were

followed by above-average increases in the third quarter.

The rate of decline in numbers of milk cows has slowed during the year and is estimated at about 2½ percent. This compares with declines of 5 and 6 percent in 1965 and 1966. The slowdown appears to be associated with a fall-off in the number of dairy herd sales. Improved dairy incomes have enhanced dairying's position relative

to that of other occupations.

However, relatively high slaughter cow prices have maintained a high culling rate in individual dairy herds—a situation that is expected to continue.

Beef cattle prices through September averaged about \$3 per 100 pounds more than in January-September 1968. During the same period, prices of slaughter cows were up about \$2 to an average \$19.10, a record level.

## DAIRY SALES RISE IN THIRD QUARTER

Dairy Situation, November, 1969

After falling nearly 2 percent below a year earlier during the first half of 1969, commercial disappearance of milk in all products (milk equivalent, fat solids basis) turned upward in the third quarter by an estimated 1½ percent. But sales for all of 1969 may be around 1 percent less than last year's 110 billion pounds of milk equivalent. However, for individual products,

sales patterns are following earlier established trends.

— Down — Fluid whole milk, butter, cream and cream mixtures, canned milk, and nonfat dry milk.

— Up — Fluid lowfat and skim milk items, American cheese, and other cheese.

— Unchanged — Frozen dairy products.

For 1970, prospects are for less rise in retail dairy prices than this year. This and rising population will be favorable to increased dairy sales. On the other hand, the rate of gain in the economy appears to be slowing, and unemployment has increased slightly. These trends lessen the chances of a 1970 rise in commercial disappearance of all milk.

## 1970 MILK OUTPUT MAY STABILIZE

Dairy Situation, November, 1969

Assuming no change in the dairy support and Federal order program prices next year, U. S. milk production could equal or exceed 1969 levels, if --(1) the cow number decline continues to slacken to an average 2-2½ percent, and (2) annual output per cow gains more than 200 pounds—about 2.5 percent.

Hay and silage supplies appear ade-

quate for increased production. Although feed prices are above those of a year earlier, the milk-feed price ratio will continue to favor increased grain and concentrate feeding.

Many dairymen who had more attractive alternatives to milking probably left dairying in the past 5 years. The remaining represent the more efficient producers, those with suffi-

cient resources to take advantage of the rising prices of the last few years, and those with limited alternatives. Many of these operators likely will increase their herd size to take further advantage of new technology. Such expansion is favored by the rising ratio of heifers to milk cows during the past 3 years.





*Columbus*

## MARKET FACTS FOR EASY REFERENCE

### PRICE SUMMARY

Producers' Uniform Price (3.5%) .....	\$5.83	\$5.96	\$5.85
Class I (3.5%) .....	5.84	5.97	5.78
Class II (3.5%) .....	4.27	4.34	4.23
Producer Butterfat Differential for each 1/10% ....	8.2¢	8.1¢	8.1¢

### UTILIZATION SUMMARY

Percent of Producer Milk in Class I .....	82.9	81.9	86.6
Percent of Producer Butterfat in Class I .....	73.5	74.7	78.1
Percent of Producer Milk in Class II .....	17.1	18.1	13.4
Percent of Producer Butterfat in Class II .....	26.5	25.3	21.9

### PRODUCTION SUMMARY

Total Pounds of Producer Milk Delivered .....	46,549,593	45,316,436	44,646,503
Average Daily Class I Producer Milk .....	1,261,722	1,253,161	1,271,814
Total Number of Producers .....	1,508	1,505	1,622
Average Daily Production per Producer .....	996	1,004	888
Average Butterfat Test .....	3.74	3.62	3.71
Total Value of Producer Milk at Test .....	\$2,678,669	\$2,616,070	\$2,560,480
Income per Producer (7 Day Average) .....	\$401	\$405	\$356

### GROSS CLASS USE (Pounds)

Class I Skim .....	37,303,908	35,894,881	37,348,301
Class I Butterfat .....	1,282,039	1,226,576	1,297,452
Class I Milk .....	38,585,947	37,121,457	38,645,753
Class II Skim .....	7,501,948	7,779,249	5,677,286
Class II Butterfat .....	461,698	415,730	363,464
Class II Milk .....	7,963,646	8,194,979	6,000,750

### AVERAGE DAILY SALES (Quarts)

Milk .....	385,151	374,086	393,227
Buttermilk .....	5,510	5,835	5,492
Chocolate .....	39,992	40,728	36,649
Skim .....	44,576	44,059	39,483
Cream .....	5,430	5,405	5,974

# COMPARATIVE STATISTICS

# COLUMBUS MARKETING AREA

OCT., 1960 - '69

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Average Daily Prod.
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1960 . . . .	27,938,777	3.80	86.1	7.9	1.6	4.4	4.84	4.502	4.102	3.913	3.100	1,588	568
1961 . . . .	29,631,204	3.76	82.8	7.1	2.8	7.3	4.79	4.503	4.103	3.881	3.255	1,234	775
1962 . . . .	35,113,477	3.74	79.3	7.1	3.2	10.4	4.50	4.27	3.872	3.637	3.011	1,330	852
1963 . . . .	35,733,401	3.72	89.0	7.4	1.5	2.1	4.83	4.43	4.095	3.746	3.094	1,364	845
1964 . . . .	43,168,771	3.78	89.9	10.1	-----	-----	4.74	4.59	3.24	-----	-----	1,686	825
1965 . . . .	45,271,423	3.70	83.7	16.3	-----	-----	4.86	4.82	3.34	-----	-----	1,642	889
1966 . . . .	42,216,938	3.80	85.5	14.5	-----	-----	5.85	5.87	4.02	-----	-----	1,501	907
1967 . . . .	43,425,367	3.79	85.2	14.8	-----	-----	5.51	5.50	3.91	-----	-----	1,577	888
1968 . . . .	44,646,503	3.71	86.6	13.4	-----	-----	5.85	5.78	4.23	-----	-----	1,622	888
1969 . . . .	46,549,593	3.74	82.9	17.1	-----	-----	5.83	5.84	4.27	-----	-----	1,508	996

## CONSUMPTION DECLINES

Dairy Situation, November, 1969

Domestic consumption of dairy products-including farm use and domestic donations-this year will likely total about 1 percent less than the 117 billion pounds milk equivalent of 1968. Practically all of the decline is in civilian consumption. Per capita civilian consumption likely will decline around 2-3 percent from 1968, more of a drop than the 1 percent decline of last year and the average rate of decline of the past decade.

Lower sales and the downtrend in farm household use of home-produced milk account for the decline. CCC donations for civilian use this year may total near the 4.1 billion pounds of 1968.

Indications are that per capita milk-fat consumption this year will decline about 2½ percent, while consumption of solids-not-fat will about equal 1968 levels.

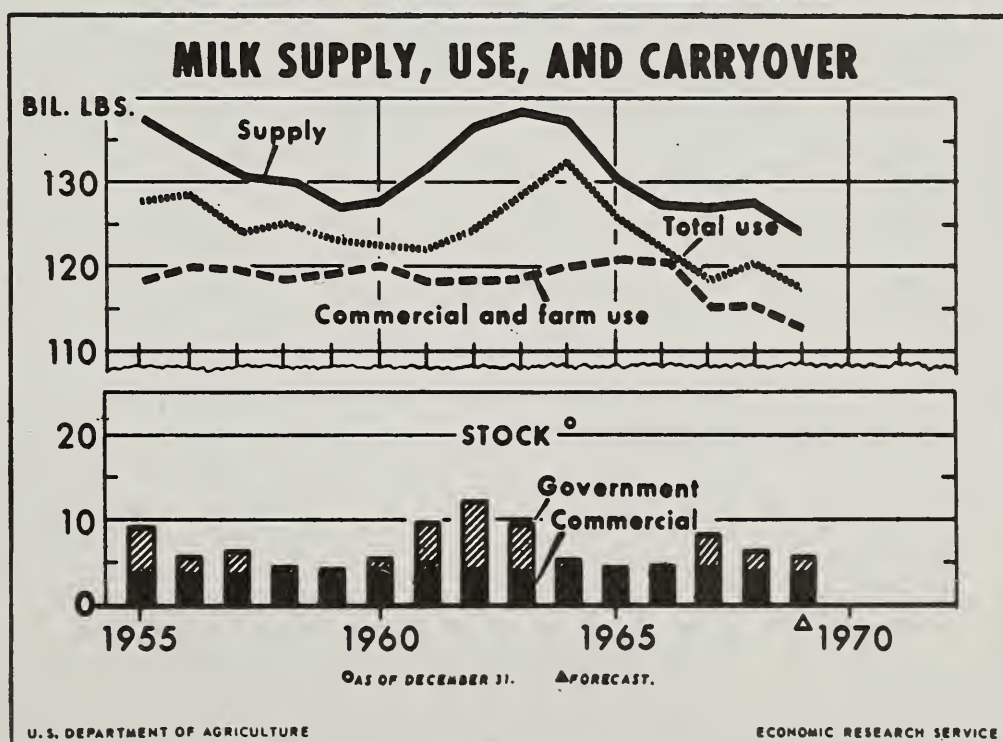
In 1970, per capita civilian consumption again may decline, since a gain in commercial disappearance is doubtful. Farm household use of home-produced milk will continue downward. However, USDA stocks of dairy products and prospective purchases indicate that supplies of butter and nonfat dry milk are ample for CCC donations at 1969 levels. Continued USDA purchases of American cheese, evaporated milk, and instantized non-

fat dry milk for welfare distribution would tend to increase that segment of consumption.

## USDA INVITES BIDS FOR CORN-SOYA-MILK

The U. S. Department of Agriculture has requested bids for the sale to the Commodity Credit Corporation

of Corn-Soya-Milk (formerly called "Blended Food Product") packed in 50-pound paper bags for donation overseas. The product will be used to combat malnutrition in underdeveloped countries and will be distributed overseas through voluntary agencies and the Agency for International Development (AID) Program.



U. S. milk and dairy product supplies this year will amount to about 124 billion pounds milk equivalent. A 1 percent decline in milk production and 1.6 billion pounds lower beginning stocks are causing the drop.

Although total use of milk is falling it still exceeds production, and year-end stocks will be substantially smaller than last year's 6.7 billion pounds milk equivalent.





# BULLETIN

## Administrators

### Market

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## VACUUM-DRIED WHOLE MILK READY FOR COMMERCIALIZATION

A beverage-quality dry whole milk that can be produced at an estimated cost of about 21 cents per quart equivalent has been developed by U. S. Department of Agriculture engineers and is available for commercialization by the dairy industry.

A product of almost 14 years of research by USDA's Agricultural Research Service, the dry whole milk is made under vacuum and canned in an oxygen-free environment. It will keep for more than a year in the refrigerator. Stirred into cold water, the powder makes a beverage that most people cannot distinguish from fresh whole milk.

The process was developed at the ARS Eastern utilization research laboratory, Philadelphia, where the product has been made on a pilot-plant scale. In the spring of 1968, the pilot plant was in continuous operation for several weeks, drying milk for sale as a commercial product in nearby supermarkets. Although the capacity of the plant was not adequate to permit a full-scale market test of the product, 6,500 quart equivalents were sold at a price that would have provided a reasonable profit for its manufacturer and a fair retail markup. This price was 4 cents less per quart equivalent than fluid milk being sold in the supermarkets in 2-quart cartons. Consumer reaction to the product was highly satisfactory, and there were many

Market Quotations		OCTOBER 1969
MINNESOTA-WISCONSIN PRICE SERIES	.....	\$4.58
Butter-Powder Price	.....	4.27
Average Price per lb. 92-score butter at Chicago	.....	.6823
Average carlot prices, spray process nonfat dry milk, f.o.b. Chicago area manufacturing plants	.....	.2293

repeat purchases.

Since that time, cost experts have analyzed pilot-plant data to develop a realistic estimate of the investment that would be required and profit that could be realized if the operation were undertaken on a full commercial scale.

The analysis indicates that for a total capital investment of \$2,653,000, a plant could be established to make 15,500,000 quart equivalents of dry whole milk a year. At a cost for the raw milk of \$4.50 per hundredweight (3.5 percent butterfat), the product could be produced, according to this analysis, with a 12 percent profit at a factory selling price of approximately 21 cents per quart equivalent.

These estimates are based on packaging the product in No. 10 cans for the institutional, military, or export market. Packaging in smaller cans to hold one-quart equivalents would entail an increase in packaging costs, plus a retail markup.

The process used in making this dry whole milk consists of pasteurizing

raw milk, concentrating it under vacuum to 45 percent solids, homogenizing the concentrate and dispersing nitrogen gas into it in the form of very fine bubbles, then feeding the foamed concentrate to the surface of an endless stainless-steel belt inside a vacuum chamber. In about 80 seconds the foamed concentrate is dried to about 4 percent moisture by electric heating rods positioned above and below the belt. The finished powder is brought up to atmospheric pressure with nitrogen gas, then canned and sealed under nitrogen to prevent any contamination with air.

The product would be stored and distributed at 0° F., and would be sold at retail from the dairy case (40° F.).

Any prospective manufacturer of this dry whole milk can obtain samples and details on its processing and cost of production by writing the Eastern Utilization Research and Development Division, Agricultural Research Service, USDA, Philadelphia, Pa. 19118.